

Department for Environment, Food and Rural Affairs

Review of Defra funding for WRAP (Waste and Resources Action Programme)

Summary report of the review and responses to the opportunity to comment document

6 November 2013

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Background and context

1. WRAP is Defra's principal delivery body for the provision of advice and technical and financial support on waste reduction and resource efficiency in England. It helps English businesses, industry, civil society organisations, local authorities and households become more efficient in the way they manage and use raw materials, water and energy
2. WRAP is an independent, not-for-profit company and is co-funded by Defra and the Devolved Administrations (DAs). Scotland is now the biggest funder (at about 50%) and Defra the second biggest (about 40%). This review focused only on Defra's spend via WRAP in support of waste reduction and resource efficiency in England. However we have taken into account that any reduction in Defra funding could threaten WRAP's ongoing viability and/or could have an impact on the DAs. WRAP has therefore been closely involved in the review, and we have also engaged with the DAs.
3. This review of Defra funding for WRAP formed part of the Department's wider consideration of its priorities and how best to use its resources to deliver its four key priorities: growing the rural economy, improving the environment and safeguarding animal and plant health.

The review

4. Defra's funding for WRAP was reviewed between January and July 2013. The review was guided by the principles of a Triennial Review, although these could not be applied in full as WRAP is a limited company (not an NDPB) and because Defra is not the only public sector funder of WRAP
5. WRAP activities were assessed against three guiding principles;
 - future funding for WRAP should reflect Defra's ministerial priorities;
 - Government should only intervene where there is a true market failure, or where behavioural barriers could justify intervention;
 - where we do intervene we must secure good value for money
6. Within this context the review was expected to lead to significant savings in the Department's budget
7. As far as possible WRAP's activities were considered on a value for money basis based on a WRAP model that recorded assessments of various WRAP interventions against key environmental and financial impacts using information

provided by businesses (and to some extent Local Authorities and households). The analysis helped to provide a relative ranking of WRAP categories.

8. The views of Defra policy customers were provided through an internal workshop.
9. Stakeholders from the private sector and across the public sector provided their views through a further workshop (30 attendees) and by responding to an “opportunity to comment” document posted online. A summary of the questions posed and the 114 written responses received to the opportunity to comment can be found in the attached Annex.

Conclusions

10. The review concluded that WRAP was properly operating in areas of market or behavioural failures and that it mostly provided good or very good value for money. WRAP was judged to be the best (and often the only) body to carry out the work. The review further concluded that savings of £10m could be achieved from Defra’s funding of WRAP while still allowing a continued and effective presence in the economy. The savings are proposed in areas where: our analysis suggests value for money is low compared to others; activities relate to the bottom of the waste hierarchy; market barriers have now largely been overcome; or where work no longer addresses Defra needs.
11. With the remaining funds (£15.5m) WRAP would be able to maintain an effective presence in the economy using its recognised and proven expertise and independence to help us deliver our priority of boosting growth and improving the environment. Remaining funding would focus primarily on the food and drink sector with smaller, scaled back activities on products (e.g. electrical, clothing) and support to LAs and the re-use and recycling sectors. A small residual sum would be allocated to facilitating resource efficiency in construction and refurbishment, given the very large contribution these activities make to waste streams and therefore their importance to waste prevention and recycling targets.
12. The detailed work plans for future WRAP delivery to Defra will be the subject of further work, but in line with conclusions outlined above along the savings identified in the review will mean;
 - stopping much of the funding of WRAP’s work on construction waste and resources;
 - ending funding of the industrial symbiosis programme as it moves to a more commercial operating model;
 - halving of the support to re-use and recycling industry;
 - reducing work on food and drink waste by £3.6m. This could include much reduced support to SMEs as this activity was judged to be less effective than other public sector interventions; and much reduced funding to AD market development (because the market is now considered to be near to establishment);

- market development for products re-use could be almost halved and;
 - ceasing funding work on critical materials recovery.
13. Savings beyond the chosen option were seen as placing too great a risk around Defra's ability to meet its recycling targets, particularly the 50% household waste recycling target in the revised Waste Framework Directive. Cuts of this scale would also mean WRAP not supporting work to improve quality of recyclates including implementation of the Materials Recovery Facility Code of Practice. In packaging, whilst the responsibility to meet the targets falls on industry, they currently do not have the knowledge to be able to meet these targets without help to develop the recycling market, provide communications and work with local authorities.
14. Heavier cuts than those proposed were judged to have increased the risk that other funders and stakeholders would lose confidence in WRAP and could likely threaten WRAP's continuing existence. This in turn would lead to a risk that WRAP, in seeking to replace Defra funding, might effectively become a consultancy and so lose its role as a trusted and independent coordinator of activities aimed at providing businesses with the tools to grow by making savings through a better use of resources.

Annex: Responses to the “Opportunity to comment” document

On 3 May we published an ‘opportunity to comment’ document on the Gov.UK website (<https://www.gov.uk/government/consultations/opportunity-to-comment-on-defras-funding-review-for-wrap>). On the same day we wrote direct to over 250 stakeholders to draw their attention to this document. In addition, WRAP published a link to the document on its website and also drew it to the attention of the 53 signatories of the Courtauld Commitment. This opportunity to comment exercise ran for three weeks and we received responses from 114 organisations or individuals, including many local authorities, major retailers, trade associations and NGOs.

The ‘opportunity to comment’ document outlined the work WRAP currently does for Defra and sought views about future priorities and the impact and possible mitigation strategies for WRAP continuing with reduced Defra funding. Stakeholders were invited to respond to the following questions:

- Q1.** Where are the most important market failures? Where is there still a need for government to fund activities to support waste reduction and resource efficiency policy in England?
- Q2.** Where are there business barriers to the take-up of cost-effective resource efficiency measures? Where is it possible to move to a private sector-funded approach?
- Q3.** What is the best way to deliver these activities on Defra’s behalf? Which organisations are best placed to deliver? (e.g. businesses, local authorities, and civil society organisations) And how can we ensure best value for public money?
- Q4.** Which of WRAP’s current activities in England do you value most?
- Q5.** Which of WRAP’s current activities in England do you think should be regarded as lower priority for Defra funding in future?
- Q6.** What role should Defra fund WRAP to play in the EU or internationally?
- Q7.** What appetite is there on the part of those who benefit from WRAP’s advice and support to make a financial contribution in return?
- Q8.** If Defra were to reduce its funding for WRAP could this have any indirect effects?

The responses showed that WRAP is highly regarded by external stakeholders. WRAP’s work as a national body leading, coordinating and facilitating action; its credible and independent standing; its role in commissioning and disseminating research were highlighted by a large number of respondents from all sectors. A summary of the responses by sector is set out below.

Food and Drink Sector – This sector placed a high value on WRAP’s independent status (free from commercial and direct political pressures). Its ability to provide a “safe non-competitive space” for collaboration and the sharing of learning, evidence and best practice across competing companies and sectors was also singled out. In terms of specific WRAP activities, the Courtauld Commitment, Product Sustainability Forum and Federation House were seen as priorities for continued Defra funding. This was endorsed by Local Authority respondents who highlighted the important work WRAP does in helping reduce food waste through, for example, successful campaigns such as Love Food Hate Waste.

There were very few negative comments about WRAP and these were largely confined to the feeling that some activities were being duplicated by WRAP and Defra. WRAP’s work on training was seen as a lower priority and an activity that it could charge for. However, on the issue of WRAP charging more generally for its services there was little appetite beyond some limited offers of small contributions from some retailers and an acknowledgement from some that the sector itself could fund Courtauld after the current phase. Such offers tended to be accompanied by warnings that a move to such a model might jeopardise WRAP’s independence and convening power.

Products (electrical, textiles etc) – The Product Sustainability Forum as it applies to non-food products was seen as a priority given it is work focussed on the top of the waste hierarchy. There were also positive comments from specific trade associations and businesses for WRAP’s work on the Sustainable Clothing Action Plan (textile recycling), Water Efficiency Programme (manufacturers and distributors of bathroom products) and Waste Electronic and Electrical Equipment (Chartered Institution of Water and Environmental Management).

This sector tended to share views of the food and drink sector with respect to training. Although views were largely positive about WRAP some respondents did point out that it needed to recognise that it was not always the expert when it came to certain activities relating to non-food products. Although, there was little enthusiasm to make up any spending gap resulting from a reduction in funding, the Forest Stewardship Council’s timber rating scheme was cited as a possible model of a privately funded initiative.

Buildings and Infrastructure (Construction) – There was a general recognition that this sector was a big producer of waste and that WRAP activities relating to this sector were high up the waste hierarchy. As with the other sectors, responses were generally positive with respect to WRAP’s independence, credibility and national coordination role. Specific WRAP activities which generated positive comments from respondents from this sector were WRAP’s support for Resource Efficiency Plans (REAPS) and its funding for expert secretariats for a variety of construction materials and product groups in support of the work of the Green Construction Board.

However, this was also the sector where respondents felt that WRAP had least expertise. Linked to this was the feeling that, if WRAP started to charge for some of the activities it currently provides to the sector, businesses would be unlikely to pay but rather would look

within the sector itself to buy in any required expertise. Buildings Research Establishment (BRE) was mentioned as one organisation which might, in the case of some activities, be an alternative delivery body for the sector.

Waste and Resource Management - Local Authorities valued WRAP's support for them highly and were clear that any reduction in funding could lead to a risk that waste prevention and recycling targets may not be met. In addition, a decrease in WRAP's role as a national coordinating body could lead to a return to fragmentation in the sector and a duplication of efforts. Some trade associations were less positive about WRAP's work in this sector.

WRAP's communication campaigns (both consumer and business orientated) received positive responses. Other WRAP activities singled out for praise were WRAP's waste prevention loan and its work with British Standards Institute (BSI) to draw up specifications for composts and digestates. WRAP's activities relating to packaging and industrial symbiosis were seen as being of lower importance and some respondents commented that its work on water and energy efficiency was not necessarily WRAP's remit. Many respondents felt that resource efficiency would become more important in the future and so activities focussed on that should continue.

Local Authorities were clear that they would not be able to take up gap in funding but did have some ideas for alternative approaches. The London Waste and Recycling Board (LWARB) referred to its model where funding of waste infrastructure can be developed to be self-financing, once sufficient seed capital is in place. Another example put forward was of Business Improvement Districts (BIDs) taking up the challenge of procuring waste services for groups of businesses. Another waste and recycling board suggested that such organisations (i.e. boards) could be self-financing and take on the jobs of investing in regional waste infrastructure and providing support to local businesses.

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